Income Tax - Gross Conservation Easement

When is the gross conservation easement income tax credit refundable as opposed to being limited to the amount of the tax liability?

Taxpayers, but not transferees of such credits, can claim a refund of the credit if state revenues are in excess of certain thresholds.* Taxpayers are limited in the amount of the credit they can claim in any given tax year if they also claim an income tax refund created by this credit. For tax years beginning on or after January 1, 2000, but before January 1, 2003, this limit is \$20,000 per donation per tax year. This limit increases to \$50,000 for donations made in tax years beginning on or after January 1, 2003.

Transferees of such credits (taxpayers who have purchased the credit from the donor of the easement) cannot claim any credit in excess of their net tax liability for the tax year.

*The state determines in October or November of each year whether there are sufficient excess revenues to permit this credit to be refundable.

The Gross Conservation Easement Credit is refundable for tax year 2005 because Colorado does have a budget surplus for this tax year. The credit will not be refundable for tax years 2006-2010.